
*Customer-Focused
Store Operations
Profit Improvement*

A Service of Clicks & Mortar Consulting

The need to control costs and continuously improve operations has never been more imperative

- ❖ *Retailers operate in a highly competitive marketplace. The need to increase sales and control or reduce operating costs has never been greater. As a very high priority, this includes the identification of opportunities to drive further efficiency in store operations.*
- ❖ *Key issues pressuring performance include: better customer service through efficient scheduling of the appropriate workforce and prioritizing key tasks for high value sales opportunities supporting your self-service or service-assisted retail strategy. Execution at the customer level has never been more difficult.*
- ❖ *Clicks & Mortar offers its Customer-Focused Store Operations Profit Improvement service to enable its clients to rapidly identify opportunities for performance enhancement.*


Our industry experts rapidly assess the opportunities for focused store improvements

- ❖ While keeping a customer-driven focus and utilizing our industry expertise, Clicks & Mortar will identify, through a short on site evaluation, the immediate opportunities in the performance of your retail store operations. We will also identify medium and longer term opportunities and lay out a roadmap for success.
- ❖ By examining your retail store operations processes in detail we aim to help you answer key questions such as:
 - *In a self-help customer environment, is the priority of tasks directed toward an optimum merchandise display with timely and appropriate signage?*
 - *In a service-assisted customer environment, is the sales associate scheduled at the appropriate time and possess the product knowledge to execute the high value sale?*
 - *In a multi-channel environment, does customer service include order, pick-up and return anywhere, inventory pipeline visibility and customer transparency at the store level?*

Our track record for rapid delivery of improvements

- ❖ **Technology Support:** Identified efficiencies where streamlining changes to the POS transaction set for the commercial side of store operations would result in 10% more time devoted to top line sales, or an estimated \$4.3 million in the same sales period.
- ❖ **Facilities Management:** It was determined that local supply purchases, such as light bulbs, increased operating costs for in-store maintenance programs, and created safety issues. Long term savings were obtained by implementing national contracts for HVAC, specifically for electrical and lighting.
- ❖ **Technology Support:** A “line buster” radio frequency (RF) support for POS for heavy traffic events was designed and implemented. By pre-scanning customers’ purchases check out time was reduced.
- ❖ **Process Improvements:**
 - ❖ Standardized and streamlined time and attendance functions through seven divisions of a vertically integrated fruit gift consumer product retailer.
 - ❖ Outsourced non-customer related functions such as on-boarding new hires or employee benefit programs.

Quickly assess the situation, define the opportunities and make recommendations



Discovery

- ❖ Understand current retail strategy
- ❖ Review existing retail operations processes
- ❖ Evaluate associate utilization
- ❖ Examine current & proposed technology support
- ❖ Identify facilities management arrangements

Assessment

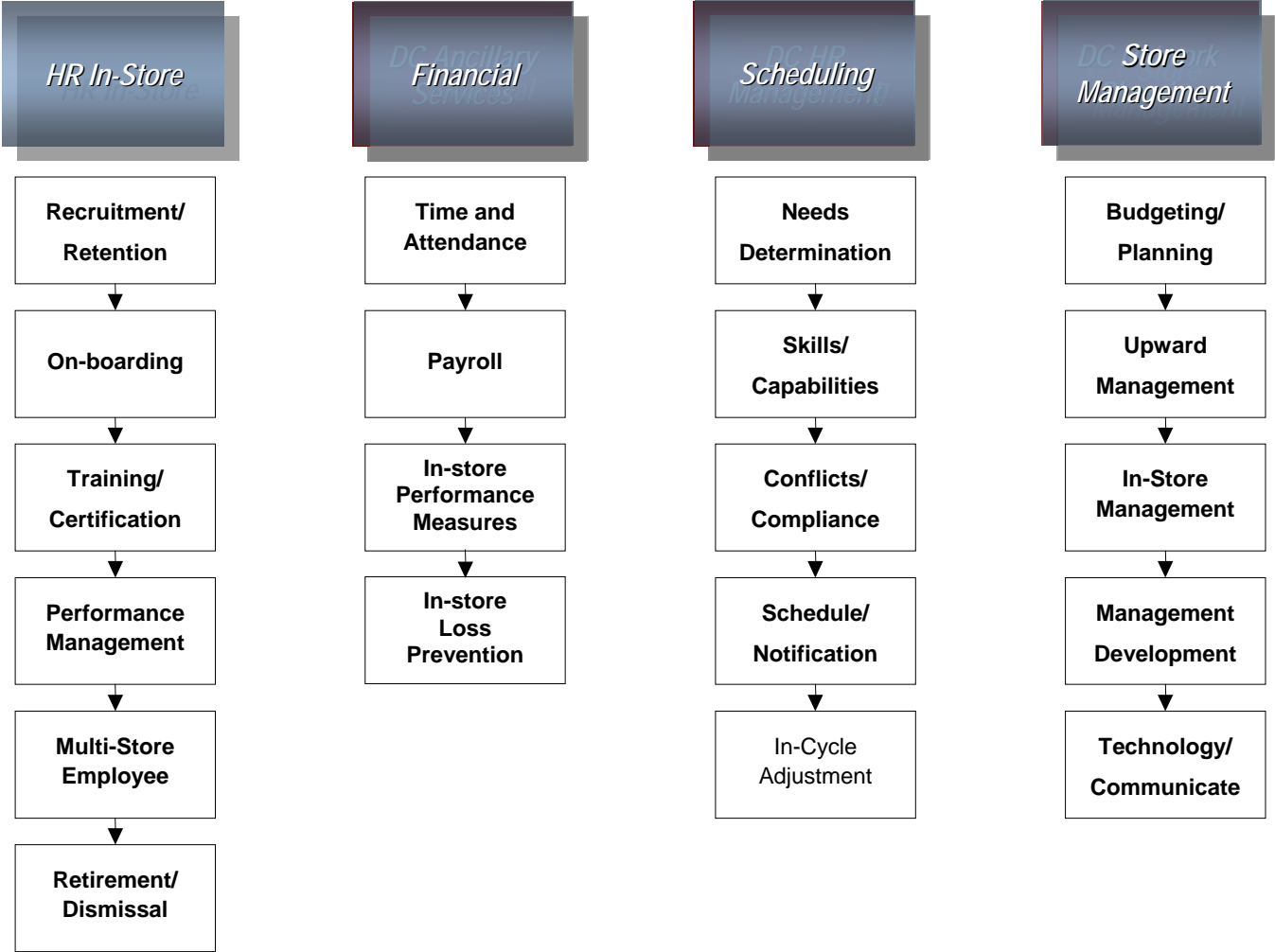
- ❖ Consolidate findings from discovery phase
- ❖ Validate current state by benchmarking where possible
- ❖ Analyze strengths & weaknesses
- ❖ Conduct joint opportunity development sessions
- ❖ Develop improvement strategies

Recommendation

- ❖ Produce high level implementation plan(s)
- ❖ Highlight quick wins for rapid payback
- ❖ Prioritize mid term opportunities
- ❖ Recommend longer term investments in efficiency

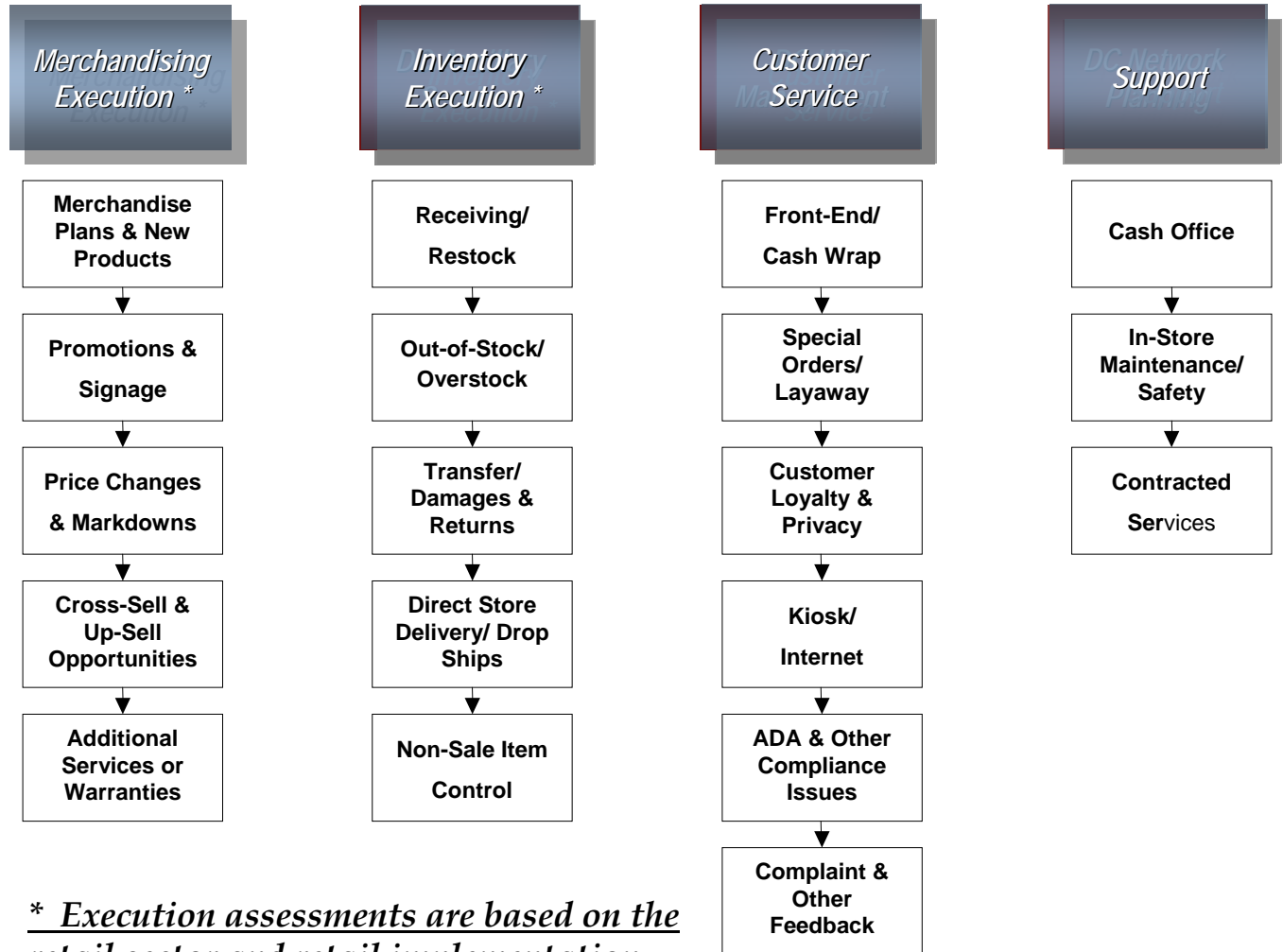
Customer-Focused Workforce Management

In-Store Workforce Management processes examined and effectiveness assessed



Customer-Focused Task Management

In-Store Task Management processes examined and effectiveness assessed



** Execution assessments are based on the retail sector and retail implementation strategy of the client's operations*

Indicative Timeline of a Medium Sized Assessment

We hit the ground running, have an aggressive timeline and exploit joint opportunity development

Week	Phase	Activities
-1	Preparation	Data returned
1	Discovery	Site visits/interviews Technology/Asset/Process/People reviews
2	Discovery	Site visits/interviews Technology/Asset/Process/People reviews
3	Assessment	Consolidation of discovery Benchmarking
4	Assessment	Joint development session Synthesis
5	Recommendations	Development and presentation of plan

*Low cost,
high value &
fast delivery*

- ❖ Clicks & Mortar will deploy industry experts on site to drive the Customer-Focused Store Operations Profit Improvement service. A fixed fee and project timeline will be determined in conjunction with the client, based on the agreed upon scope, depth and breadth of the assessment
- ❖ We will require time input from your key executives in company management, including store operations, merchandising/purchasing, human resources, IT and financial areas with the focus on customer-driven impacts.
- ❖ We will prepare a pre-visit survey which helps to shortcut the discovery and evaluation timeframe.
- ❖ A report will be prepared off site and delivered to you within two weeks of the completion of the on site activity. This will highlight the quick wins, prioritize medium term opportunities & recommend longer term investments in efficiency. The time spent preparing this report is part of our client investment.
- ❖ Expenses for transportation, accommodation and meals will be billed net. Every effort is made to keep expenses to a minimum by using client arrangements.

Rick McCormick

Rick McCormick has over 30 years of retail store management and consulting experience in many diverse retail sectors in the US and internationally. Rick's operating positions range from management in college book and drug stores to SVP of Operations for HResource One, an HR outsourcing company. Rick's proven performance in retailing led him to consulting positions with KPMG Peat Marwick and Kurt Salmon Associates. His consulting experience ranges from evaluation and selection of store systems packages to process improvement for efficiency and effectiveness in store and merchandising operations. His clients include The Smithsonian Institution, National Baseball Hall of Fame, Jusco (Japan), Advance Auto Parts, CPI/Fox Photo, Cabelas, Eckerd Drug, Exxon Convenience Stores, Pilot Truck Stops, Sears, Scholastic Books, Winn Dixie Stores and the Defense Commissary Agency.

Ken Foreman

Ken Foreman has over 35 years of retail IT experience, much of it in store systems. His store systems experience includes multiple POS implementations, corporate-to-store networking and communications, time & attendance and workforce management implementation, and RF-controlled POS 'line buster' and merchandise return systems for P.A. Bergner, Penn-Daniels, Inc. (Jack's Discount), Gart Sports, and Finlay Fine Jewelry. Ken is equally at ease at the "50,000 foot" level and managing projects hands-on. He is highly personable, and communicates equally well with executive and staff personnel. He is an out-of-the-box thinker, proficient in creating innovative solutions to business problems.

- ❖ *The Clicks & Mortar Advantage*
- ❖ *Relevant Case Studies*
- ❖ *Representative Clients*

Our Value Proposition

Retail Experience

- ❖ Our depth of experience enables us to identify opportunities and provide practical solutions and benefits quickly
- ❖ Everyone on our team is a seasoned professional with hands on senior executive experience

Knowledge

- ❖ We use our broad knowledge base of industry best practice to achieve superior performance
- ❖ This strength enables us to determine what will work and why.

Collaboration and Teamwork

- ❖ We work closely with the client's executive and operational management to transfer knowledge
- ❖ We communicate clearly and candidly during the on-site assessment

Approach

- ❖ We use clear, precise and logical steps throughout all of the phases of the project
- ❖ We highlight the quick wins, prioritize medium term opportunities & recommend longer term investments in efficiency

Case Studies

Optimize Commercial Customers' Transactions

The business issue: Commercial customers complained that they spent too much time on the phone with the sales person. This large retailer was looking for ways to ease the difficulty of the commercial department without major impact on or separation of the primary in-store POS environment.

The assignment: Examine the process for the commercial counter compared to the typical retail transaction set used for the majority of store sales. Streamline the transaction set to increase the effectiveness of the commercial sales cycle.

The results: The plan suggested was a special streamlining sign-on that triggered specific transactions which would bypass the non-commercial actions that were inappropriate and slowed the ultimate number of transactions that could be accomplished in any peak period. This resulted in a 10% increase in productivity for the commercial counter with just a \$25 per hour increase was estimated at adding at least \$4.3 million in top line sales.

Case Studies

Optimize Customers' Store Experience

The business issue: This large retailer had a “Gold Standard” for its store appearance but was looking for ways to reduce SG&A costs in areas such as real estate, which included facilities management for the stores.

The assignment: Examine the real estate processes for reduction of costs without impacting the “Gold Standard”.

The results: It was identified that a short-term, apparent cost savings program was only temporarily reducing costs and endangering not only the store appearance but also creating safety risks for employees. A proposed strategic contract for maintenance services would have reduced long term expenses. The alternative in-store maintenance resulted in higher than estimated costs because supplies were purchased locally. Light bulbs were not changed when they went out causing appearance deficiencies. And, because of high ceilings, the use of in-store personnel was a safety risk.

Case Studies

Optimize Customers' Checkout

The business issue: This big-box discounter's policy was to never let the customer checkout get to more than 3 people in line. However, this was not always possible during periods of very heavy volume when lines would become unacceptably long.

The assignment: Provide a way to increase customer throughput by reducing checkout time, without installing additional checkouts and POS terminals.

The result: Designed and implemented a system using hand held RF terminals, which allowed store personnel to pre-scan the contents of customers' shopping carts, create a suspended POS transaction, and print out a bar-coded transaction number. When the customer reached the checkout counter the cashier scanned the bar-coded transaction number to recall the suspended transaction and collect payment without having to rescan the customer's purchases.

Clicks & Mortar Representative Clients

Consumer Electronics

Best Buy
 CompUSA
 GT-Video
 Victor Technologies

Specialty Retail - Hardlines

Cabelas
 Claire's
 OfficeMax
 Barnes and Noble
 General Nutrition Centers
 W.H. Smith

Crown Books
 Cole National

Specialty Retail - Softline

Cole-Haan
 Dress Barn
 J. Crew
 Lane Bryant
 After Hours Formalwear
 Wet Seal
 Urban Brands
 Gymboree
 Petrie Stores
 Distant Replays
 Factory Connection

Drug

Eckerd
 Thrift Drug
 Thrifty Drugs
 Standard Drug

Duane Reade

Supermarket

Hannaford
 Winn-Dixie
 Publix
 Von's
 Kings Supermarkets
 Kash 'N Carry Food Stores

HE Butts

Ralph's

Automotive

Advance Auto parts
 Western Auto
 MAC Tools
 CSK Auto

Home Improvement

Pier 1 Imports
 Home Depot
 CCA Global Partners

General Merchandise

Alexander's
 Federated Department
 Stores
 Family Dollar
 Liberty House
 Richway
 Aeon Jusco (Japan)
 Zeller's
 Luria & Sons
 Blain Supply
 Rich's Discount Stores

Factory Outlet

Phillips - Van Heusen
 London Fog
 William Carter

Wholesale Distribution

Fleming Foods
 Southeast Frozen Foods
 Associated Wholesale
 Grocery
 Arthur Wells Group